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continuous work throughout the year and to enable employers to maintain steady production.

Close analysis of the men and women whom we take into our employ, effective systems under which we train them in our work, fair treatment while they are in our service, and adequate methods to insure their dismissal only for justified cause or their voluntary withdrawal with no ill-feeling toward their employer—these are essential factors in our problem of “hiring and firing” and must be our earnest concern lest we waste money in our businesses and sacrifice friendly relationship with our employes.

METHODS OF REDUCING THE LABOR TURNOVER¹

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From October, 1912, to October, 1913, the Ford Motor Company hired 54,000 men to keep an average working force of 13,000. This was over 400 per cent labor turnover. From 1913 to October, 1914, this company hired only 7,000 men to keep an average of 17,000 men. Eliminating 4,000 from the comparison, because they were taken on extra to build up the force, the company really hired only 3,000 men to keep the same 13,000. This was only 23 per cent turnover. Of course, nine months of profit-sharing was responsible for the difference, but the fact only goes to show that the turnover of labor can be reduced. The saving to the Ford Motor Company must have been at least \$2,040,000, or a return of 24 per cent on the profit-sharing bonus, which was intended as an outright gift. The saving, however, was really more than that, because the retention of the steady labor force resulted in an increase of working efficiency estimated by the company at 44 per cent.

The Ford Motor Company is a special instance, and no other company can be urged to give \$10,000,000 to reduce its labor turnover. Others can be urged, however, to seek other means of secur-

¹ Read before Employment Managers' Conference, Minneapolis, January 20, 1916.

ing staple working forces. In this paper, I shall state compactly all of the means I know of to accomplish this result. No expedient will be urged beyond the resources of any going concern and none will be recommended which has not worked successfully in conservative companies.

By means of some of the methods here set down the German American Button Company at Rochester, New York, reduced its turnover 40 per cent, and the Cleveland Foundry Company reduced it from 240 per cent to 125 per cent in a little over two years. I understand that the present turnover is still lower.

The causes of the mobility of labor may be classified under three headings:

- a. Men are fired.
- b. Men are laid off.
- c. Men quit voluntarily.

I shall strip the subject of emotion and avoid literary embellishment, treating the causes and remedies for labor turnover in accordance with a rigid outline. The men for whom this paper is intended need no analysis of the direct cost or indirect results of ruthless hiring and firing. They merely want other men's experience in dealing with the problem.

The first cause of the too hasty discharge of workmen is ignorance on the part of the foremen and even pseudo-employment managers of the great cost of such a policy. One so-called employment manager in Detroit boasted last year of having so much work to do and done by this department that he personally examined in a year over 300,000 applicants for work. He didn't know how many he had hired but he "guessed it was a whole lot."² If any one desires a close analysis of the actual cost of such a policy let him read Magnus Alexander's paper *Hiring and Firing* or W. A. Grieves' paper *Handling Men*. The first paper may be had from the General Electric Company at West Lynn, Mass., and the second from the Executives' Club of Detroit. Mr. Alexander gives the cost as high in some cases as \$200 per man hired. Mr. Grieves places the minimum at \$40. Deere and Company thinks that it costs \$1,000 to break in a new foreman; that must mean "barring accidents."

² Obviously the man exaggerated, but the exaggeration only shows that he failed to see the scandal of the situation, and confirms the impression of great instability of labor forces.

Even where the cost is realized, however, usually no adequate record is kept. Until Mr. Charles H. Winslow of the Society for the Promotion of Industrial Education brought his inspiration to Detroit as an investigator for the Bureau of Labor Statistics, I think that not more than two factories were keeping a proper tabulation of employment statistics, and I hope that Mr. Winslow does not challenge me to name the companies. He found, of course, that most employment managers were keeping card records from which tabulations could be made, but that they were so busy hiring new men that they couldn't get around to analyzing past performances. When he persuaded them to dig into the old records, they were all shocked at the discoveries.

Ignorance of cost and of extent of turnover may be set down as fundamental or precedent causes. Assuming that these have been removed, we may then ask, why are men fired?

In the first place, blame the shop foremen. It is easy to do this and "get away with it" because of the great responsibility laid upon them already. Consider what most shops require of these men.

They set speeds and feeds and depth of cut, decide on the best angles and shapes of tools, the best cooling agents, the kind of steel to use. They are expected to set piece rates, plan to keep all machines busy, but not congested, to order work through the department in relative importance, keep data on idle equipment time, break in new men, adjust differences as to wages, keep up discipline, keep down rejections and act as stock chasers.³

If they must do all of these things and must furthermore hire men, is it any wonder that they find it necessary to keep picking goats upon whom to put their own errors, or that from sheer weariness and irritation they fire a man a minute? Most foremen have too much to do, and in order to square themselves they try to get men who need no managing. That is the chief cause of the turnover of labor. I know of one superintendent who took a foreman to task for not firing more men, because it seemed to show a lack of discipline. And to date they haven't been much checked up in this tendency.

A second reason for hasty, ill-warranted firing is to be found in the fact that religious or national prejudice in a department or

³ See Knoeppel, *Installing Efficiency Methods*, p. 13.

in the mind of the foreman himself "jobs" many a fair workman out of his job.

Passing this obvious cause, we must admit that most men are fired with some justice in the excuse that they are unfit. A business acquaintance once said that of any ten jobs probably only one was filled by the man who ought to be in it, and that of any ten men probably only one was doing the work for which he was best fitted. Lack of knowledge while hiring and lack of insight after hiring on the part of the representatives of the management are responsible for the improper assignment of men hired. Those who examine applicants have no specifications for the men wanted and little skill in getting at the qualifications of those examined. Few plants yet have searching ability tests supplemented by physical examinations to assist them in getting the right man in the right place. Still fewer plants have any means of training the men once hired into greater efficiency in their assigned tasks. These causes account for the lack of fitness in men; and where they exist foremen cannot be blamed for rejecting after a short try-out most of the material sent to them.

The foregoing causes account, I think, for all of the causes of outright discharge. There are two reasons, in addition, why good men are laid off, usually permanently.

In the first place, unless the plant is scientifically managed, and most plants are not, the scheduling of work through the shop is faulty. Some departments will be congested, or at least some machines, while others will be idle. Through lack of proper information, foremen overstate their labor requirements with the result that they get through some operations ahead of schedule and some men must be laid off; for, obviously, a Jones and Lamson screw machine hand or a die maker can't be kept around the place as an ornament; and what foreman has the time to try to fit men to new specialties? If the foremen have underestimated their labor requirements the result will soon be the same. Extra men must be called in only to be discharged later on. Even though a good man will be needed next week he is laid off as soon as he is through, because foremen are expected to keep down direct labor cost. One Detroit employment manager told me that his foremen were astonished when he analyzed their labor requisitions, showing them how frequently they discharged and then wildly besought men on high

priced operations. Of course, lack of a centralized scheduling system was mainly responsible.

Men are laid off chiefly, however, because of the dull seasons that afflict every business. Even the Cleveland Foundry Company which I have cited for its good employment methods, is handicapped by from 20 to 40 per cent seasonal reductions annually, and the stove companies of Detroit frequently close down altogether for periods which let many men get away. Mr. Winslow has some good analyses of seasonal fluctuations in several industries and cities. We shall return to this topic presently.

It now remains only to brief the reasons why men leave their jobs voluntarily. Low wages and long hours account for many cases. Inequalities in the pay system, however, account for more, because men can more easily perceive injustices in their own departments than in their remuneration as compared with that of men in other plants. Trade unions oppose wage payment in proportion to individual efficiency, but that doesn't blind a good man to the fact that he is worth more than a poor man. Straight day wages or poorly set piece and bonus rates are responsible for many rankling injustices.

The worst injustice of all is the failure to reward men for increased efficiency over their previous ability. One employment manager discovered a workman who had been on the same rate of pay for five years. He is now seeing to it that men in his company are periodically advanced or promoted in accordance with their efficiency records, regardless of whether they ask for increases in basic rates or not.

Men quit, too, because foremen or fellow workmen of different races or religions "gang" them, and, unless the management inquires into the reasons for men's leaving, this cause can never be run down. I tremble to think of how many good men have been run out of plants, because of differences over the present war in Europe.

Workmen, too, are often ignorant, narrow, highly sensitive to trivial wrongs or fancied oppression by "capital." Many nurse grievances until they goad themselves into committing "job-suicide." The lack of any well understood means of redressing wrongs, or even of hearing them, is a very large influence in voluntary quitting.

Of course, the wrongs may be very real, and in themselves they may be cited as a cause. For instance, bad plant conditions, such as poor lighting and ventilation, insanitary toilets and work places, lack of proper lunch room or street car facilities all have their effects upon the turnover of labor. Insanitary toilets alone were given as a reason for a recent strike; and many workmen will quit their jobs in preference to going blind at an ill-lit machine.

The above completes the list of causes of turnover under the three headings of discharges, lay-offs and resignations. The remedies urged will reach all of these conditions, but it is not feasible to deal with a specific remedy for each separate cause, but, rather, to group them under the following main headings:

- a. A central employment department.
- b. Physical examinations.
- c. Industrial education.
- d. Regularized production.

To cut down the turnover a centralized employment department managed by a man with gumption is the prime necessity. Unless this can be arranged none of the specific remedies can be attempted. It is almost begging the question to say that the employment manager must have gumption. He should really have the vision of a prime minister and the resource of a member of the General Army Staff in war-time; but, as things stand, we can afford to compromise on gumption.

Given a central employment department, with some one to stand at the window so that the employment manager can at least occasionally visit the plant for which he is hiring men, we may hopefully confide to it the specific remedies for the turnover of labor.

First of these, is a set of written specifications in accordance with which men are to be hired. E. G. Allen of Cass Technical High School, Detroit, a member of this conference, is the first man to have classified and printed the minimum standards of knowledge required to operate the different classes of machines. Beyond that there should be written specifications for each operation, with a short description of each. Mr. Winslow, in carrying out the Richmond Survey wrote up such specifications for printing, machine, tobacco and other trades. The Republic Metalware Company in Buffalo, has such a book of specifications. The German Ameri-

can Button Company in Rochester is among other companies which have them. Nearly every member of the Executives' Club Employment Managers' Association of Detroit is making up such specifications. The purpose of such data is pretty obvious. The employment manager cannot be expected to know every operation for which he hires, and with such material in hand he can more intelligently question applicants. Increased rejections at the employment gate reduce the number of discharges at the pay window.

With the wisest selection of men in the world some firing will be necessary, and the employment department should next prepare so to record and tabulate turnover that justifiable causes may be sifted out from the unjustifiable. It is useless merely to keep card records of each man's work-history. If the data are not periodically taken off the cards and analyzed it is a useless expense to record it. The record of men leaving should be tabulated so that it shows up comparatively by weeks and months, by departments responsible and by causes assigned. A wall chart designed to show these figures, such as the Saxon Motor Company of Detroit has designed, will be of great assistance in localizing the blame for exceptional turnover. The analysis can with great profit be further extended by classifying the number of skilled, semi-skilled and unskilled men leaving the plant every week. The analysis by departments will help show this.

Even if foremen haven't the authority to fire men, they do have the power to make them quit voluntarily, and a detailed analysis will show what foremen have the most trouble with their men, and why.

It may be given as a separate remedy that foremen should no more have authority to fire than to hire. The manifold responsibilities of foremen already listed in this paper, manifestly unfits them to be fair judges of the amount and kind of discipline required, or to inquire how inefficient men may be trained or fitted into new tasks. Foremen should, therefore, have authority only to recommend for discharge, or to demand transfers of unsatisfactory employees. At the Ford Motor Company, the Packard Motor Car Company, and Dodge Brothers, the foremen can go no further than this, and it is rapidly becoming true of all Detroit companies.

A great assistance to employment managers who are asked by foremen to discharge employees will be found in a monthly or

other periodic certification by foremen of the character of work performed by each employee in their departments. Later, if they ask to have a man laid off and the employment manager can show the foreman's own signature to a certificate of the man's satisfactory work, it greatly strengthens the employment supervisor's hand when he decides to retain the man.

Where the localization of the discharge power in one department helps particularly is in the case where faulty scheduling would throw out good men for lack of further work. Foremen would not compare notes; they would simply fire. The employment manager, however, can look over the day's requisitions for labor, and send the superfluous worker to some other department.

A further advantage of a central employment department is found in the ability under proper management of that office to keep a record of the individual efficiency of workmen, of lates and absences, and of other matters which are involved in turnover. Low efficiencies can be tabulated and plant teachers can help to bring unsatisfactory workers up to the mark before the foreman would spot them for discharge. Usually the cause will be found to be some grievance or other condition, which, if not detected through an efficiency record, would not be discovered until too late to prevent an employee's leaving.

Finally, no employee should be allowed to quit the plant until he has disclosed his reason for being dissatisfied. Companies in Detroit which have this rule make it effective by requiring the employment manager's signature before the employee may be paid off. If the office knows why men leave it may not be able to persuade them to stay, but it can prevent the next one's going.

So much for the central employment office. We might very well group the other classes of remedies under this heading, because the employment manager properly has his part in putting them into effect; but they can be undertaken without his assistance.

Physical examinations have two effects in reducing turnover. In the first place, it rejects the weak, the ruptured, the sufferers from defective sight and hearing who would later need to be discharged as unfit. Again, by indicating the character of work which can be safely performed by the partly defective applicants it fits them into the jobs in which they can make good. Thus, there will be fewer voluntary quittances by virtue of the work's being "too

hard." I could cite examples to prove the value of these considerations but they really prove themselves in the statement. The Cleveland Foundry Company finds it profitable to pay a high salary to a competent physician for full time and give him three months' leave for hospital practice to keep him from going stale. The Workmen's Compensation Law is having its influence in addition to the above two arguments in bringing most Detroit factories to the idea of physical examinations.

Industrial education, even more important than any of the foregoing methods of reducing turnover, may nevertheless be treated briefly. Every argument that can be cited in favor of industrial training is an argument for the reduction of the turnover of labor, because the object is, of course, to fit men for their jobs so thoroughly that they will gladly stay in them.

Education helps to reassign men to the work for which they are best fitted. Education is examination. It discloses to the pupil as well as to the teacher wherein lies his special aptitude. The great evil of faulty assignment will be largely overcome by systematic instruction in tasks and in operations.

It will, furthermore, make the inefficient men fit. The Timken-Detroit Axle Company has actually had poor mechanics develop into high grade foremen or master mechanics through the part-time continuation work of Cass Technical High School. Many times, Detroit factories have saved men slated for discharge by encouraging night school or continuation school attendance.

Industrial training, particularly through shop schools, such as the excellent ones maintained by the Cadillac Motor Car Company, Packard Motor Car Company, Dodge Brothers and Northway Motor & Manufacturing Company in Detroit, and Brown and Sharpe in Providence, will train men already in the plant for new openings, thus avoiding the necessity of hiring new, outside men for them. It is valuable to fill up the gaps from men already familiar with the style and product of the given plant. The Employment Managers' Association of Detroit has reached the deliberate conclusion that in times of industrial expansion it is useless to try to hire men away from other companies; that they must rely upon their own shop courses for instruction in particular operations, and upon the public technical schools for instruction in the fundamentals of shop mechanics. Any other recourse will simply load up the

payrolls with incompetents who will live through their little hour of discord and destruction in the plant only to be discharged as unfit.

The fundamental remedies for turnover are quite beyond the authority of the employment manager. This is true of industrial education. It is more acutely true of the regularization of production. Only the general manager and the board of directors can undertake to stabilize the labor force by stabilizing production throughout the year. And even where they see the value of this they must discover a solution which is individual not only for each industry but even for each plant. On this account it is worth while only to enumerate some of the solutions that others have hit upon.

The Ford Motor Company standardizes its product to such an extent that if you have to buy a Ford car you might as well do it, as you go to the dentists', whenever you get up the courage. The Fords you have with you always and they never look any different. The Paige-Detroit and the Studebaker companies bring out models at irregular seasons, instead of bunching their business around the time of the Auto Shows.

The Joseph & Feiss Company, garment manufacturers of Cleveland, and the H. H. Franklin Company, of Syracuse, under-produce their demand in the busiest season. It takes intelligence plus courage to do that, and yet the economies of plant and labor force are demonstrable. Furthermore, the Joseph & Feiss Company leaves off its advertising campaign in the busiest season, and the H. H. Franklin Company pays a higher sales bonus in the dull season.

Some companies fill out production in the dull season by stocking up on staple lines or standard, low-cost parts. A button manufacturer in Northern New York, after scientific study of his sales, so managed this stocking up process on best selling lines that for thirteen years he never discharged an employee for lack of work. For thirteen years, a button manufacturer, dependent upon the most seasonal of businesses, the clothing trade, never discharged an employee for lack of work! It is worthy of additional mention that this company thinks it economical sometimes to sell slightly below cost, in order to keep its constant labor force.

It is the Franklin Company again, under the brilliant management of Geo. D. Babcock, which manages to keep its seasonal

fluctuations within 30 per cent, by manufacturing during dull seasons, those parts of its motor car which are standard or cheap enough to provide continual employment without tying up excessive amounts of capital.

With the best of management, of course, some lay-offs may come through bad business. Even then it is possible to mitigate the effect by lending money to permanent employees laid off for prolonged periods. The Detroit stove companies do this regularly, and when, a year ago, 82,000 men were out of work at one time in Detroit, the manufacturers here organized a huge relief bureau as part of the Board of Commerce which kept a thousand families on charity, got three thousand men permanent jobs, and several thousand men temporary places, and placed 15,000 more back to work sooner than usual, and persuaded the factories to retain many thousands more on part time. This care, I think, was what enabled Detroit to react most promptly to the sudden turn of business last spring, and proved to be the underlying basis of Detroit's present amazing prosperity.

The remedies for labor turnover which we may classify under the square deal policies that prevent men's leaving are too numerous to be taken up in this paper. They have to do with higher wages, shorter hours, discriminating systems of recording and pay, and improved plant conditions. There is no last word in the effort to better the conditions of the workers. A plant must simply keep up with the procession. Any plant can do that much. It would be unwise to urge the refinements of welfare management without expounding the methods by which employers can make the profits to undertake them. That, of course, would take one out of the legitimate range of this paper. But as Miss Ida Tarbell said in an address to the Detroit Board of Commerce, "You cannot stand permanently in the way of legitimate human aspirations."

It is not only profitable for employers to yield to the legitimate human aspirations, but it is perhaps even a duty for them to lead men to aspire. Mr. Henry Ford has done that, and where is the employer this side of the Styx whose conscience has not been quickened by Mr. Ford's example?